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Blue Lake Township

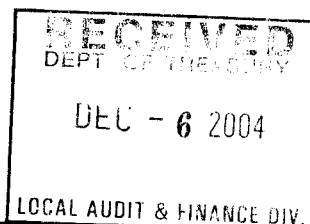
Kalkaska County, Michigan

Audit Report

For the Year Ended June 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Blue Lake Township		County Kalkaska
Audit Date 6/30/04	Opinion Date 10/28/04	Date Accountant Report Submitted to State: 12/03/04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) TOBIN & CO., P.C.			
400 E. EIGHTH ST.			
Street Address TRAVERSE CITY, MI 49686-2668		City	State
231-947-0151			ZIP
Accountant Signature <i>David J. Barker</i>		Date 12-2-04	

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Blue Lake Township, Kalkaska County, for the year ended June 30, 2004 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Blue Lake Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Records were maintained in excellent condition by your present Clerk and Treasurer. Recorded revenues were deposited intact, journals and ledgers were properly posted, Board minutes were maintained in proper order, and supporting documents and follow-up procedures appeared to be in very good order. The efforts of these officials for 2003-2004 are commendable.

Budgets and Procedures

The Township prepared and formally adopted budgets for its General and Special Revenue Funds. During the audit year, one activity of the General Fund and the Trash Pickup Fund overexpended their budget expenditures without formal Board amendments as required by law. See Note 2, C in the Notes to the Financial Statements.

Highway Improvement Fund

This fund, presented in Schedule 2, is used to account for monies earmarked for road improvements. Revenue for the year consisted of property taxes, Bankhead Jones monies, Metro Act monies, and interest. Expenditures were \$838 for street lighting and \$94,606 for roads. The fund balance at June 30, 2004 was \$124,975.

Fire Fund

This fund, presented in Schedule 3, is used to account for a .9940 mil levy for fire protection. Revenues consisted of \$73,209 of property taxes, \$356 of interest, and \$679 of other revenues. The fund balance at June 30, 2004 was \$120,182.

Trash Pickup Fund

This fund, presented in Schedule 4, is used to account for a .6958 mil levy for trash pickup. Revenues consisted of \$51,245 of property taxes and \$271 of earned interest. Expenditures were \$45,000 for contractual trash pickup services, and the fund balance at June 30, 2004 was \$49,407.

Improvement Revolving Fund

This fund is permitted by statute and is used to set aside monies for Township improvements. As reflected in Schedule 5, revenues for the year consisted of royalties from oil and tower leases of \$11,493, and earned interest of \$181. Expenditures consisted of contractual services and capital expenditures. The fund balance at June 30, 2004 was \$34,441.

Property Tax Collections

2003 property taxes collected were substantially all distributed to taxing units prior to the end of the fiscal year. This function was handled in an excellent manner by the Treasurer. Schedules 6 and 7 reflect the amount levied, collected, and returned delinquent for the 2003 property tax levy.

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Comments and Recommendations

Property Tax Administration Fees

As permitted by statute, an administration fee of 1% was levied on all 2003 property taxes. Fees collected may be used only to offset such property tax administration costs as assessing, collecting and the review and appeal process. As noted in Schedule 8, costs exceeded collections by \$24,287 for the audit year. Costs have exceeded collections on a cumulative basis by \$96,976.

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general and auto liability, equipment, errors and omissions, crime and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer, and Supervisor have surety bond coverage.

Payroll Procedures

Payroll withholding procedures were properly performed during the audit year and employees received Forms W-2 for the calendar year 2003.

Other Data

We noted the use of daily interest bearing depository accounts by the Treasurer. This practice resulted in earned interest of over \$3,100 for the audit year. Efforts of the Treasurer and other officials in this important area are commendable.

After completion of our audit, we will mail the necessary copies of our report to the State Department of Treasury.

We again commend the Clerk and Treasurer for the condition of the Township records. We also appreciate the courtesy extended our field examiner in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Blue Lake Township
Kalkaska County
Kalkaska, Michigan 49646

We have audited the basic financial statements of Blue Lake Township as of and for the year ended June 30, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of such funds of Blue Lake Township at June 30, 2003, and the results of operations in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis are not a required part of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Blue Lake Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
October 28, 2004

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BLUE LAKE TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Board of the Blue Lake Township, Kalkaska County, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Blue Lake Township for the fiscal year ended June 30, 2004.

Financial Highlights

The assets of Blue Lake Township exceeded its liabilities at the close of the most recent fiscal year by \$1,102,908. Of this amount, \$476,918 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$476,918, an increase of \$61,634 in comparison with the prior year. The total amount, \$476,918 is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$147,913, or 125% of total general fund expenditures.

The Township's total debt increased by \$4,250 during the current fiscal year. The only factor in this increase is the June 2004 unpaid payment to American Waste (trash pickup). This payment was not made because of a lack of a bill from American Waste.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Blue Lake Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-section business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, Road Projects, and Township Improvements. Blue Lake Township does not have any business-type activities (examples would include water and sewer, golf courses, cemeteries, etc.).

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Blue Lake Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Blue Lake Township are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the

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governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Blue Lake Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Township Improvement Fund, Fire and Rescue Fund, Trash Pickup Fund, and Highway Improvement Fund, which are considered to be major funds. All Township government activities are included in these five funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Statements

Statement of Governmental Net Assets:

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Blue Lake Township, assets exceeded liabilities by \$1,102,908 at the close of the most recent fiscal year.

By far the most significant portion of the Township's net assets, \$625,990 or 56 percent of the total, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Township's investment in its capital assets has been made over the past several years and no related debt is outstanding.

Blue Lake Township capital assets include the Township Hall located on Twin Lake Rd., two fire and rescue barns located on Blue Lake Rd., fire fighting and rescue equipment, computers, and several plots of land located throughout the Township.

Statement of Township's Net Assets

	<u>Governmental Activities and Total</u>
Current and Other Assets	
Capital Assets	\$ 481,168
	<u>625,990</u>
Total Assets	1,107,158
Long-term Liabilities	
Other Liabilities	0
	<u>4,250</u>
Total Liabilities	4,250
Net Assets:	
Investment in Capital Assets	625,990
Restricted for:	
Highway Improvement	124,975
Fire and Rescue	120,182
Trash Pickup	49,407
Unrestricted	<u>182,354</u>
Total Net Assets	<u>\$ 1,102,908</u>

A portion of the Township's net assets (26 percent) represents resources that are subject to external restrictions on how they may be used (Highway, Fire and Rescue, Trash Pickup). The remaining balance of unrestricted net assets, \$182,354, may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

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Statement of Governmental Activities:

Governmental activities increased the Township's net assets by \$23,275, accounting for a 2.10 percent of the total growth in the net assets of the Township.

Statement of Township's Activities

	<u>Governmental Activities and Total</u>
Program Revenues:	
Charges for Services	\$ 8,881
Operating Grants and Contributions	32,882
Capital Grants and Contributions	0
General Revenues:	
Property Taxes	284,421
State Shared Revenues	28,262
Unrestricted Investment Earnings	3,173
Rents and Royalties	11,493
Miscellaneous	<u>945</u>
Total Revenues	370,057
Program Expenses:	
General Government	96,651
Public Safety	108,581
Public Works	140,459
Health and Welfare	<u>1,091</u>
Total Expenses	346,782
Change in Net Assets	<u>\$ 23,275</u>

Fund Financial Statements

Governmental Funds

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$476,918, an increase of \$61,634 in comparison with the prior year. This entire total amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

All Township government activities are included in five funds that Blue Lake Township maintains. The General Fund is used for normal governmental activities such as, paying employees, running election, zoning activities, office supplies, and others. The Township Improvement Fund is used for unbudgeted emergency situations. Fire and Rescue Fund is used to operate, maintain and equip the Fire and Rescue Department. The Trash Pickup Fund is used to pay a contractor to remove residential waste from the Township. The Highway Improvement Fund is used to construct, pave and repave roads within the Township.

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Statement of Township's Governmental Funds Fund Balances

	<u>General</u>	<u>Improvement</u>	<u>Fire & Rescue</u>	<u>Trash</u>	<u>Highway</u>	<u>Total</u>
Assets						
Cash in Bank:						
Checking	\$ 6,392	\$ 4,592	\$ 2,850	\$ 4,535	\$ 6,285	\$ 24,654
Money Market	136,996	29,849	114,875	47,402	115,724	444,846
Petty Cash	300	-	-	-	-	300
Unpaid Taxes	2,606	-	2,457	1,720	2,966	9,749
Due from other Funds	<u>1,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,619</u>
Total Assets	<u>\$ 147,913</u>	<u>\$ 34,441</u>	<u>\$ 120,182</u>	<u>\$ 53,657</u>	<u>\$ 124,975</u>	<u>\$ 481,168</u>
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,250	\$ -	\$ 4,250
Loans Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,250</u>	<u>-</u>	<u>4,250</u>
Fund Balances:						
Unreserved Balances	<u>\$ 147,913</u>	<u>\$ 34,441</u>	<u>\$ 120,182</u>	<u>\$ 49,407</u>	<u>\$ 124,975</u>	<u>\$ 476,918</u>

Statement of Township's Governmental Funds Revenues & Expenditures

	<u>General</u>	<u>Improvement</u>	<u>Fire & Rescue</u>	<u>Trash</u>	<u>Highway</u>	<u>Total</u>
Revenues						
Grants and Charges	\$ 8,881	\$ -	\$ -	\$ -	\$ -	\$ 8,881
Property Taxes	99,846	-	73,209	51,245	88,383	312,683
State Shared Revenues	28,262	-	-	-	4,620	32,882
Investment Earnings	1,672	181	356	271	693	3,173
Other Income	<u>266</u>	<u>11,493</u>	<u>679</u>	<u>-</u>	<u>-</u>	<u>12,438</u>
Total Revenues	<u>138,927</u>	<u>11,674</u>	<u>74,244</u>	<u>51,516</u>	<u>93,696</u>	<u>370,057</u>
Program Expenses						
General Government	91,620	1,078	-	-	-	92,698
Public Safety	24,249	-	48,012	-	-	72,261
Public Works	-	-	-	45,015	95,444	140,459
Health and Welfare	1,091	-	-	-	-	1,091
Capital Outlay	<u>953</u>	<u>961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,914</u>
Total Expenses	<u>117,913</u>	<u>2,039</u>	<u>48,012</u>	<u>45,015</u>	<u>95,444</u>	<u>308,423</u>
Change in Fund Balances	21,014	9,635	26,232	6,501	(1,748)	61,634
Fund Balance – Start of Year	<u>126,899</u>	<u>24,806</u>	<u>93,950</u>	<u>42,906</u>	<u>126,723</u>	
Fund Balance – End of Year	<u>\$ 147,913</u>	<u>\$ 34,441</u>	<u>\$ 120,182</u>	<u>\$ 49,407</u>	<u>\$ 124,975</u>	
Depreciation Expense	<u>(2,039)</u>	<u>-</u>	<u>(36,320)</u>	<u>-</u>	<u>-</u>	<u>(38,359)</u>
Change in Net Assets	<u>\$ 18,975</u>	<u>\$ 9,635</u>	<u>\$ (10,088)</u>	<u>\$ 6,501</u>	<u>\$ (1,748)</u>	<u>\$ 23,275</u>

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Notes to the Financial Statements

General Fund Analysis and Highlights

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$147,913. Unreserved fund balance represents 125 percent of total general fund expenditures.

The fund balance of the Township's general fund increased by \$21,014 during the current fiscal year.

Differences between the original budget and the final amended budget were minimal. No increase or decrease in appropriations of the total budget was made during the year; however, some funds were shifted from the capital outlay line item to the legislative line item. This was due to a higher than expected increase in building insurance and employee pension payments in the fiscal year. The total dollars spend in general fund activities was \$17,827 less than appropriated.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Several noteworthy exceptions are:

1. Elected Board members and all other Township employees have not had a raise in pay for three years.
2. The subsidy for Kalkaska Memorial Health Center was reduced to \$734 from \$5,977 in the previous fiscal year.
3. Expense for the community officer of \$10,500 was included in the general fund for this fiscal year; it was in the Township improvement fund in previous fiscal years.

Analysis of Balances and Transactions of the Other Township's Funds.

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

Improvement Fund

The Improvement fund is maintained by the Township to pay for specific improvement in the Township. Major revenues for this fund are generated by oil and gas royalties and lease of land for an Alltel Cellular communications tower. At the end of the current fiscal year, the total fund balance was \$34,441. The fund balance of the Township's improvement fund increased by \$9,635 during the current fiscal year. Examples of how this fund was used includes capital improvements in the Township hall and signs for parks and water access sites. In previous fiscal years, the fund was used to pay for the Township's community officer, as of the current fiscal year this expense has been transferred to the General fund.

Fire and Rescue Fund

The Fire and Rescue fund is maintained by a voter passed Millage of 1.0 mills that expires in 2006 (this was reduced to 0.994 by the Headlee Amendment rollback). The Fire and Rescue department uses this fund for all operational and equipment needs. At the end of the current fiscal year, the total Fire and Rescue fund balance was \$120,182. The fund balance of the Township's Fire and Rescue fund increased by \$26,232 during the current fiscal year. The Fire and Rescue department is accumulating funds to pay for future replacement of a tanker truck and other capital equipment needs.

Trash Pickup Fund

The Trash Pickup fund is maintained by a voter passed Millage of 0. mills that expires in 2008 (this was reduced to 0.6958 by the Headlee Amendment rollback). The Trash Pickup fund is used to pay a contractor (American Waste) to collect and dispose of residential trash. At the end of the current fiscal year, the total Trash Pickup fund balance was \$42,906. The fund balance of the Township's Trash Pickup fund increased by \$6,501 during the current fiscal year. The current Millage generates revenues that are adequate to pay for this contract.

Highway Fund

The Highway fund is maintained by a voter passed Millage of 1.2 mills that expires in 2010. Working with the Kalkaska County Road Commission, the Township will use these funds to pave and repair Township roads. In the current fiscal year, 2 miles of Blue Lake Road was paved and the north end of Sunset Trail was wedged with asphalt. At the end of the current fiscal year, the total Highway fund balance was \$124,975. The fund balance of the Township's Highway fund decreased by \$1,748 during the current fiscal year.

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Capital Asset and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$625,990. This investment in capital assets includes: several parcels of land, Township Hall, Fire and Rescue Barns, Fire and Rescue Trucks and Equipment, and Computers. This is the first year that the total Township's investment in capital assets has been assessed and reported. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful life. This fiscal year the amount by which depreciation exceeded capital outlays was \$38,359.

Cash Assets

At the end of the current fiscal year, the Township had \$469,800 in cash and other spendable assets. Of this amount, \$444,846 (94 percent) was held in a Money Market Fund (Bank One) and was receiving interest, the remainder is held in the Township's checking account (Bank One). The Township is limited by State law in how it can invest these funds and we have made no changes in our investment strategy in several years.

Long-term Debt

At the end of the current fiscal year, the Township had no bonded or installment debt outstanding.

Pension Plan

Township employees that make more than \$500 per year have the option of having the Township pay Social Security payments or to join our pension plan. The Township makes contributions equal to approximately 10 percent of each employee's wage to Municipal Retirement Systems, Inc. on behalf of the opted employee. This is an expensed item in the budget and totaled \$4,913 for the fiscal year. The Township provides no other employee benefits.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget may mean further reductions in state-shared revenues. However, state shared revenues are expected to remain the same in the 2004-2005 fiscal year. The Township budgeted for this state-shared revenue, but additional cuts by the State may have to be made before the end of the fiscal year. The Township's Millage rate (normally 1.00 mil) has been reduced by the Headlee Amendment rollback to 0.8124 mils for general operating purposes. These factors were considered in preparing the Township's budget for the 2004-2005 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased by \$21,014. The Township has presented a balanced budget in the 2004-2005 fiscal year budget which projects a surplus of \$8,312. Also, the unreserved fund balance of \$147,913 was not appropriated for future spending as this may be required for the ANR disputes.

ANR Assessment Dispute

ANR Gas Storage Co., located on ANR Storage Road, has filed three (3) tax assessment appeals with the Michigan Tax Tribunal. These disputes originated in 1998 and have continued every year since. The Tax Tribunal has not ruled on any of these appeals. If all appeals are ruled in ANR's favor, the Township will be required to reimburse them an undetermined but significant amount of taxes plus interest and fees. This possible pay-back of taxes would affect all of the Township's funds. The Township has maintained fund balances that are available to pay this possible expense, however, the Fire and Rescue fund and the Trash fund would be severely compromised and action by the Township Board may be required to alleviate the possible consequences.

Requests for Information

This financial report is designed to provide a general overview of Blue Lake Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dean McCulloch, Supervisor, Blue Lake Township, 10599 Twin Lake Rd., Mancelona, Michigan 49659 – (231) 587-4836.

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Blue Lake Township Statement of Net Assets June 30, 2004

Primary Government Governmental Activities And Total

Assets

Cash	\$ 471,419
Receivables	9,749
Capital Assets	
Land	1,705
Other Capital Assets, Net of Depreciation	<u>624,285</u>
Total Capital Assets	<u>625,990</u>
Total Assets	<u>1,107,158</u>

Liabilities

Accounts Payable	<u>4,250</u>
Total Liabilities	<u>4,250</u>

Net Assets

Invested in Capital Assets	625,990
Restricted for:	
Highway Improvements	124,975
Fire Protection	120,182
Trash Pickup	49,407
Unrestricted	<u>182,354</u>
Total Net Assets	<u>\$ 1,102,908</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blue Lake Township
Statement of Activities
June 30, 2004

Functions/Programs	Program Revenues			
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Legislative	\$ 17,990	\$ -	\$ -	\$ (17,990)
General Government	78,661	8,881	28,262	(41,518)
Public Safety	108,581	-	-	(108,581)
Public Works	140,459	-	4,620	(135,839)
Health and Welfare	<u>1,091</u>	<u>-</u>	<u>-</u>	<u>(1,091)</u>
Total Governmental Activities	<u>\$ 346,782</u>	<u>\$ 8,881</u>	<u>\$ 32,882</u>	<u>(305,019)</u>
General Revenues:				
Property Taxes				312,683
Unrestricted Investment Earnings				3,173
Rents and Royalties				11,493
Miscellaneous				<u>945</u>
Total General Revenues				328,294
Change in Net Assets				23,275
Net Assets – Beginning				<u>1,079,633</u>
Net Assets – Ending				<u>\$ 1,102,908</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blue Lake Township Balance Sheet Governmental Funds June 30, 2004

	<u>General</u>	<u>Highway Improvement</u>	<u>Fire</u>	<u>Trash Pickup</u>	<u>Other</u>	<u>Total</u>
Assets						
Cash in Bank	\$ 143,388	\$ 122,009	\$ 117,725	\$ 51,937	\$ 34,441	\$ 469,500
Petty Cash	300	-	-	-	-	300
Delinquent Taxes Receivable	2,606	2,966	2,457	1,720	-	9,749
Due from other Funds	<u>1,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,619</u>
Total Assets	<u>\$ 147,913</u>	<u>\$ 124,975</u>	<u>\$ 120,182</u>	<u>\$ 53,657</u>	<u>\$ 34,441</u>	<u>\$ 481,168</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,250	\$ -	\$ 4,250
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,250</u>	<u>-</u>	<u>4,250</u>
Fund Balances:						
Unreserved	147,913	124,975	120,182	49,407	-	442,477
Unreserved Reported in Nonmajor: Special Revenue Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,441</u>	<u>34,441</u>
Total Fund Balances	<u>147,913</u>	<u>124,975</u>	<u>120,182</u>	<u>49,407</u>	<u>34,441</u>	<u>476,918</u>
Total Liabilities and Fund Balances	<u>\$ 147,913</u>	<u>\$ 124,975</u>	<u>\$ 120,182</u>	<u>\$ 53,657</u>	<u>\$ 34,441</u>	
Amounts reported for governmental activities on the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.						<u>625,990</u>
Net assets of governmental activities.						<u>\$ 1,102,908</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blue Lake Township Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2004

	<u>General</u>	<u>Highway Improvement</u>	<u>Fire</u>	<u>Trash Pickup</u>	<u>Other</u>	<u>Total</u>
Revenues						
Taxes	\$ 99,846	\$ 88,383	\$ 73,209	\$ 51,245	\$ -	\$ 312,683
Licenses and Permits	2,350	-	-	-	-	2,350
State Grants	28,262	4,620	-	-	-	32,882
Charges for Services	6,531	-	-	-	-	6,531
Interest and Rents	1,672	693	356	271	11,674	14,666
Other	266	-	679	-	-	945
Total	<u>138,927</u>	<u>93,696</u>	<u>74,244</u>	<u>51,516</u>	<u>11,674</u>	<u>370,057</u>
Expenditures						
Legislative	17,990	-	-	-	-	17,990
General Government	73,630	-	-	-	2,039	75,669
Public Safety	24,249	-	48,012	-	-	72,261
Public Works	-	95,444	-	45,015	-	140,459
Health and Welfare	1,091	-	-	-	-	1,091
Capital Outlay	953	-	-	-	-	953
Total	<u>117,913</u>	<u>95,444</u>	<u>48,012</u>	<u>45,015</u>	<u>2,039</u>	<u>308,423</u>
Excess Revenues (Expenditures) and Net Change in Fund Balances	21,014	(1,748)	26,232	6,501	9,635	61,634
Fund Balance – Beginning of Year	<u>126,899</u>	<u>126,723</u>	<u>93,950</u>	<u>42,906</u>	<u>24,806</u>	
Fund Balance – End of Year	<u>\$ 147,913</u>	<u>\$ 124,975</u>	<u>\$ 120,182</u>	<u>\$ 49,407</u>	<u>\$ 34,441</u>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.						<u>(38,359)</u>
Change in Net Assets of Governmental Activities.						<u>\$ 23,275</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blue Lake Township Statement of Fiduciary Net Assets June 30, 2004

Assets	Agency Funds
Cash	\$ 4,699
Total Assets	\$ 4,699
Liabilities	
Undistributed Taxes and Interest	\$ 4,699
Total Liabilities	\$ 4,699
Net Assets	\$ -

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blue Lake Township
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Blue Lake Township is a general law township located in Kalkaska County. Populations as of the 2000 census was 428, and the current taxable value is \$73,693,182.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Tobin & Co.

Blue Lake Township
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Machinery and Equipment	5-22 years

Tobin & Co.

Blue Lake Township Notes to Financial Statements June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$ 97,949,800	\$ 73,693,182	.8124
Trash Pickup	\$ 97,949,800	\$ 73,693,182	.6958
Fire Operations	\$ 97,949,800	\$ 73,693,182	.9940
Highway Improvement	\$ 97,949,800	\$ 73,693,182	1.2000

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at June 30, 2004.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended June 30, 2004, the following cost centers overexpended their budgets without formal Board amendment.

General Fund:		
Fire Protection	\$	260
Trash Pickup Fund	\$	4,515

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).

Tobin & Co.

Blue Lake Township Notes to Financial Statements June 30, 2004

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

A. Legal Provisions for Deposits and Investments (Continued)

- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$478,029 deposited with a local financial institution at June 30, 2004 with a carrying value of \$476,118. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$345,148 of uninsured deposits at June 30, 2004.

NOTE 4 - CAPITAL ASSETS

Capital assets of governmental activities consisted of the following at June 30,

	<u>2004</u>	<u>2003</u>
Land	\$ 1,705	\$ 1,705
Buildings	262,720	262,720
Vehicles and Equipment	<u>515,794</u>	<u>515,794</u>
	780,219	780,219
Less Accumulated Depreciation	<u>(154,229)</u>	<u>(115,870)</u>
	<u>\$ 625,990</u>	<u>\$ 664,349</u>

NOTE 5 - INVENTORIES

Blue Lake Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 6 - PENSION PLAN

The Township began a defined contribution money purchase pension plan for Michigan Township employees under contract with Municipal Retirement Systems, Inc. Listed below is a summary of the significant plan provisions adopted by Board Resolution in July 1991, and amended in July 2001:

A. Eligibility Requirements

1. Attained age of 18.
2. No minimum service requirement.
3. All Township officials and employees earnings over \$500 annual compensation.
4. Thirteen employees were eligible for the 2003-2004 plan year.

Tobin & Co.

Blue Lake Township Notes to Financial Statements June 30, 2004

NOTE 6 - PENSION PLAN (Continued)

B. Contributions

1. Approximately 10% of annual compensation funded 100% by the Township on an annual basis.
2. Compensation determined by the wages for the fiscal year coinciding with or ending within the Plan year.

C. Vesting

1. Contributions are vested to the employee immediately upon early retirement, termination of service, death, disability, or normal retirement at 100%.

D. Plan Administration

1. The plan is administered by Municipal Retirement Systems, Inc. During the year of audit, the total Township contributions paid for the plan year, August 20, 2003 to August 19, 2004, were \$6,000. Covered payroll was \$49,825 out of a total Township payroll of \$59,967 for the audit year.

NOTE 7 - PROPERTY TAX ADMINISTRATION FEES

The Township levied the 1% administration fee permitted by statute on all 2003 property taxes. This fee may be used only to offset such property tax administration expenses as assessing, collecting, and the review and appeal process. For the audit year, costs exceeded collections by \$24,287. Records reflect accumulated costs over collections of \$96,976. See Schedule 8.

NOTE 8 - ECONOMIC DEPENDENCY

Approximately \$125,000 of 2003 property taxes and \$12,000 of 2003 property tax administration fees were received from Blue Lake Gas/ANR Storage and Pipeline. This represents approximately 46% of the total combined 2003 property taxes and property tax administration fees.

NOTE 9 - CONTINGENT LIABILITIES

As of June 30, 2004, cases are pending before the Michigan Tax Tribunal in which various taxpayers are contesting property assessments for four tax years. The outcome of the case is uncertain. The Township's portion of property taxes and property tax administration fees in dispute amount to approximately \$143,000.

NOTE 10- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 11- COMPENSATED ABSENCES

The Township provides no compensated absences for its employees.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule 1
Page 1

<u>Revenues</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 58,557	\$ 58,557	\$ 57,825	\$ (732)
Delinquent Taxes	1,422	1,422	2,008	586
Penalties and Interest on Taxes	250	250	828	578
Property Tax Administration Fees	26,000	26,000	24,722	(1,278)
Swamp Tax	14,000	14,000	14,463	463
Licenses and Permits:				
Permits	1,000	1,000	2,350	1,350
State Grants:				
State Shared Revenues	31,000	31,000	28,262	(2,738)
Charges for Services:				
Summer Tax Collection	4,921	4,921	5,176	255
Fees	550	550	1,355	805
Interest and Rents:				
Interest	-	-	1,672	1,672
Other:				
Refunds and Reimbursements	-	-	166	166
Other	-	-	100	100
Total Revenues	<u>137,700</u>	<u>137,700</u>	<u>138,927</u>	<u>1,227</u>
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	2,979	-
Employee Benefits	-	-	4,913	-
Supplies	-	-	31	-
Audit and Accounting	-	-	2,889	-
Dues	-	-	1,286	-
Publication	-	-	116	-
Insurance and Bonds	-	-	5,644	-
Education	-	-	75	-
Mileage	-	-	27	-
Other	-	-	30	-
Total	<u>17,798</u>	<u>19,298</u>	<u>17,990</u>	<u>1,308</u>
Total Legislative	<u>17,798</u>	<u>19,928</u>	<u>17,990</u>	<u>1,308</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule 1
Page 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	9,150	-
Education	-	-	75	-
Mileage	-	-	59	-
Other	-	-	4	-
Total	<u>9,985</u>	<u>9,985</u>	<u>9,288</u>	<u>697</u>
Elections:				
Salaries and Wages	-	-	819	-
Supplies	-	-	1,412	-
Postage	-	-	37	-
Professional Services	-	-	36	-
Mileage	-	-	184	-
Publication	-	-	43	-
Total	<u>6,525</u>	<u>6,525</u>	<u>2,531</u>	<u>3,994</u>
Assessor:				
Supplies	-	-	264	-
Postage	-	-	487	-
Professional Services	-	-	862	-
Contractual Services	-	-	15,071	-
Education	-	-	175	-
Publication	-	-	38	-
Total	<u>19,150</u>	<u>19,150</u>	<u>16,897</u>	<u>2,253</u>
Clerk:				
Salaries and Wages	-	-	10,880	-
Supplies	-	-	602	-
Postage	-	-	111	-
Professional Services	-	-	80	-
Education	-	-	150	-
Mileage	-	-	95	-
Other	-	-	469	-
Total	<u>13,057</u>	<u>13,057</u>	<u>12,387</u>	<u>670</u>
Board of Review:				
Salaries and Wages	-	-	404	-
Education	-	-	60	-
Publication	-	-	49	-
Total	<u>995</u>	<u>995</u>	<u>513</u>	<u>482</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule 1
Page 3

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Expenditures (Continued)</u>				
General Government (Continued):				
Treasurer:				
Salaries and Wages	-	-	11,988	-
Supplies	-	-	554	-
Postage	-	-	1,326	-
Professional Services	-	-	150	-
Education	-	-	94	-
Mileage	-	-	510	-
Other	-	-	143	-
Total	<u>17,058</u>	<u>17,058</u>	<u>14,765</u>	<u>2,293</u>
Township Hall and Grounds:				
Supplies	-	-	2,271	-
Postage	-	-	5	-
Professional Services	-	-	1,400	-
Contractual Services	-	-	3,590	-
Telephone	-	-	1,089	-
Publication	-	-	1,028	-
Public Utilities	-	-	2,149	-
Maintenance and Repairs	-	-	5,439	-
Other	-	-	278	-
Total	<u>17,650</u>	<u>17,150</u>	<u>17,249</u>	<u>(99)</u>
Total General Government	<u>84,420</u>	<u>83,920</u>	<u>73,630</u>	<u>10,290</u>
Public Safety:				
Police Protection:				
Contractual Services	-	-	10,254	-
Total	<u>10,500</u>	<u>10,500</u>	<u>10,254</u>	<u>246</u>
Fire Protection:				
Maintenance and Repairs	-	-	260	-
Total	<u>-</u>	<u>-</u>	<u>260</u>	<u>(260)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule 1
Page 4

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Public Safety (Continued):				
Planning:				
Salaries and Wages	-	-	3,253	-
Postage	-	-	40	-
Operating Supplies	-	-	47	-
Professional Services	-	-	4,150	-
Education	-	-	-	-
Publication	-	-	184	-
Total	<u>8.028</u>	<u>8.028</u>	<u>7,674</u>	<u>354</u>
Zoning:				
Salaries and Wages	-	-	4,959	-
Postage	-	-	62	-
Operating Supplies	-	-	560	-
Professional Services	-	-	36	-
Mileage	-	-	444	-
Total	<u>7,154</u>	<u>7,154</u>	<u>6,061</u>	<u>1,093</u>
Total Public Safety	<u>25,682</u>	<u>25,682</u>	<u>24,249</u>	<u>1,433</u>
Health and Welfare:				
Salaries and Wages	-	-	225	-
Hospital Subsidy	-	-	734	-
Mileage	-	-	132	-
Total Health and Welfare	<u>1,340</u>	<u>1,340</u>	<u>1,091</u>	<u>249</u>
Capital Outlay	<u>6,500</u>	<u>5,500</u>	<u>953</u>	<u>4,547</u>
Total Expenditures	<u>135,740</u>	<u>135,740</u>	<u>117,913</u>	<u>17,827</u>
Excess Revenues (Expenditures)	<u>\$ 1,960</u>	<u>\$ 1,960</u>	21,014	<u>\$ 19,054</u>
Fund Balance – Beginning of Year			<u>126,899</u>	
Fund Balance – End of Year			<u>\$ 147,913</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Highway Improvement Fund
For the Year Ended June 30, 2004

Schedule 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ -	\$ -	\$ 85,417	\$ 85,417
Delinquent Taxes	-	-	2,966	2,966
State Grants:				
Metro Act	-	-	4,326	4,326
Bankhead Jones	1,000	1,000	294	(706)
Interest and Rents:				
Interest	-	-	693	693
Total	<u>1,000</u>	<u>1,000</u>	<u>93,696</u>	<u>92,696</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	913	-
Fringe Benefits	-	-	27	-
Contractual Services	-	-	3,559	-
Mileage	-	-	30	-
Publication	-	-	726	-
Roads	-	-	89,351	-
Street Lighting	-	-	838	-
Total	<u>122,500</u>	<u>122,500</u>	<u>95,444</u>	<u>27,056</u>
Excess Revenues (Expenditures)	(1) <u>\$ (121,500)</u>	<u>\$ (121,500)</u>	<u>(1,748)</u>	<u>\$ 119,752</u>
Fund Balance – Beginning of Year			<u>126,723</u>	
Fund Balance – End of Year			<u>\$ 124,975</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire Fund
For the Year Ended June 30, 2004

Schedule 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 73,000	\$ 73,000	\$ 70,752	\$ (2,248)
Delinquent Taxes	-	-	2,457	2,457
Interest and Rents:				
Interest	1,000	1,000	356	(644)
Other:				
Refunds and Reimbursements	-	-	579	579
Sale of Fixed Assets	-	-	100	100
Total Revenues	<u>74,000</u>	<u>74,000</u>	<u>74,244</u>	<u>244</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	14,363	-
Fringe Benefits	-	-	2,428	-
Supplies	-	-	3,434	-
Contractual Services	-	-	2,600	-
Telephone	-	-	740	-
Education	-	-	1,817	-
Mileage	-	-	795	-
Insurance	-	-	10,107	-
Public Utilities	-	-	2,327	-
Maintenance and Repairs	-	-	4,579	-
Other	-	-	773	-
Capital Outlay	-	-	4,049	-
Total Expenditures	<u>53,600</u>	<u>53,600</u>	<u>48,012</u>	<u>5,588</u>
Excess Revenues (Expenditures)	<u>\$ 20,400</u>	<u>\$ 20,400</u>	26,232	<u>\$ 5,832</u>
Fund Balance – Beginning of Year			<u>93,950</u>	
Fund Balance – End of Year			<u>\$ 120,182</u>	

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Trash Pickup Fund
For the Year Ended June 30, 2004

Schedule 4

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 51,400	\$ 51,400	\$ 49,525	\$ (1,875)
Delinquent Taxes	-	-	1,720	1,720
Interest and Rents:				
Interest	<u>200</u>	<u>200</u>	<u>271</u>	<u>71</u>
Total	<u>51,600</u>	<u>51,600</u>	<u>51,516</u>	<u>(84)</u>
<u>Expenditures</u>				
Contractual	-	-	45,000	-
Publication	<u>-</u>	<u>-</u>	<u>15</u>	<u>-</u>
Total	<u>40,500</u>	<u>40,500</u>	<u>45,015</u>	<u>(4,515)</u>
Excess Revenues (Expenditures)	<u>\$ 11,100</u>	<u>\$ 11,100</u>	6,501	<u>\$ (4,599)</u>
Fund Balance – Beginning of Year			<u>42,906</u>	
Fund Balance – End of Year			<u>\$ 49,407</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Improvement Revolving Fund
For the Year Ended June 30, 2004

Schedule 5

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ 200	\$ 200	\$ 181	\$ (19)
Rents and Royalties	<u>9,000</u>	<u>9,000</u>	<u>11,493</u>	<u>2,493</u>
Total	<u>9,200</u>	<u>9,200</u>	<u>11,674</u>	<u>2,474</u>
<u>Expenditures</u>				
Contractual Services	-	-	844	-
Other	-	-	234	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>961</u>	<u>-</u>
Total	<u>7,500</u>	<u>7,500</u>	<u>2,039</u>	<u>5,461</u>
Excess Revenues (Expenditures)	<u>\$ 1,700</u>	<u>\$ 1,700</u>	9,635	<u>\$ 7,935</u>
Fund Balance – Beginning of Year			<u>24,806</u>	
Fund Balance – End of Year			<u>\$ 34,441</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Year Ended June 30, 2004

Schedule 6

	Balance 6/30/03	Additions	Deductions	Balance 6/30/04
<u>Assets</u>				
Cash	\$ 3,688	\$ 2,745,814	\$ 2,743,184	\$ 6,318
Due from Other Units	300	-	300	-
Total Assets	<u>\$ 3,988</u>	<u>\$ 2,745,814</u>	<u>\$ 2,743,484</u>	<u>\$ 6,318</u>
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 1,118	\$ 2,456,444	\$ 2,452,863	\$ 4,699
Due to Other Funds	2,870	289,370	290,621	1,619
Total Liabilities	<u>\$ 3,988</u>	<u>\$ 2,745,814</u>	<u>\$ 2,743,484</u>	<u>\$ 6,318</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township 2003 Property Tax Levy and Collections For the Year Ended June 30, 2004

Schedule 7

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	5.7685	\$ 424,879	\$ 410,620	\$ 14,259
County Transit	0.2465	18,150	17,541	609
Sportsplex	0.6964	51,289	49,568	1,721
Hospital	1.7000	125,212	121,010	4,202
State Education	5.0000	368,866	364,250	4,616
School District	19.9000	1,283,140	1,270,628	12,512
Intermediate School District	2.9929	220,791	218,029	2,762
Township - General	0.8124	59,833	57,825	2,008
- Trash Pickup	0.6958	51,245	49,525	1,720
- Fire Operations	0.9940	73,209	70,752	2,457
- Highway Improvement	1.2000	88,383	85,417	2,966
Total		<u>\$ 2,764,997</u>	<u>\$ 2,715,165</u>	<u>\$ 49,832</u>
Percent of Levy Collected	98.20%			

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blue Lake Township
Statement of Revenues, Expenditures and Balance
Property Tax Administration Feed
For the Year Ended June 30, 2004

Schedule 8

Revenues

Property Tax Administration Fees	\$ 24,722
Total Revenues	<u>24,722</u>

Expenditures

Assessor	17,272
Board of Review	503
Treasurer	11,865
Supervisor	4,581
Clerk	840
Zoning	1,128
Town Hall and Grounds	8,548
Employee Benefits and Insurance	<u>4,272</u>
Total	<u>49,009</u>
Excess Revenues (Expenditures)	(24,287)
Excess Revenues (Expenditures) – Prior Years	<u>(72,689)</u>
Accumulated Excess Revenues (Expenditures)	<u>\$ (96,976)</u>

The Notes to the Financial Statements are an integral part of this statement.